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Report of the Trade and Development Board on its thirty-ninth executive session*

Geneva, 30 June 2006

* The present document is an advance version of the report of the Trade and Development Board on its thirty-ninth executive session, held at the United Nations Office at Geneva on 30 June 2006. It will appear in final form, together with the reports of the thirty-eighth executive session, the twenty-third special session and the fifty-third session of the Board, as *Official Records of the General Assembly, Sixtieth Session, Supplement No. 15* (A/61/15).

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REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS THIRTY-NINTH EXECUTIVE SESSION

Held at the Palais des Nations, Geneva,
on 30 June 2006

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Chapter I

ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA

(Agenda item 1)

1. For its consideration of this item, the Board had before it the following documentation:

"Activities undertaken by UNCTAD in favour of Africa: Report by the Secretary-General of UNCTAD" (TD/B/EX(39)/2).

General statements

2. The **Secretary-General of UNCTAD** recalled the General Assembly's call for organs and organizations of the UN system to assist African countries and the New Partnership for Africa's Development (NEPAD). The two main strands of UNCTAD's work relating to Africa were: policy research and analysis aimed at increasing the range of national and international policy choices available to promote African development in the areas of UNCTAD's competence; and providing advisory services and technical cooperation covering almost all of UNCTAD's sectoral activities, including trade policy, trade facilitation, investment, technology, insurance and debt management. UNCTAD attached considerable importance to its work on Africa, and suggestions on how to enhance its support to the continent and to the NEPAD process would be welcome.

3. The **Special Coordinator for Africa** said that the report before the Board was self-explanatory and that he would deal with new developments that had occurred since the report's completion, focusing mainly on the forthcoming 2006 *Economic Development in Africa* (EDA) report. Africa's economic growth rate in 2005 had reached 5.3 per cent, mainly because of the good performance of mineral and petroleum exporters and the general surge in global demand for commodities, spearheaded by China and India. The international community's commitment to double aid to Africa had to be commended, but there were questions with respect to the "additionality" of debt relief in the context of aid. Sceptics had continued to stress issues such as absorptive capacity, governance, and the reduced fiscal efforts of aid recipients, as well as the possibility of Dutch disease. The 2006 EDA report would address some of these and related issues. The report would proceed from the premise that commitments to double aid would be honoured, but considering the present "chaotic" aid delivery system, recommendations would be made for the creation of a coherent and more transparent aid architecture that took account of recipients' development priorities in order to increase the development effectiveness of aid. The crucial issue of mobilizing domestic resources for development would be the subject of the 2007 EDA report.

4. The representative of **Pakistan**, speaking on the behalf of the **Group of 77 and China**, said that some issues needed to be addressed in a more determined fashion, such as the achievement of the MDGs. Although Africa had experienced strong economic growth the previous year, the MDGs were still out of reach: growth had not helped to reduce poverty. The international community should respect the financial commitment made in 2005 during the World Summit. UNCTAD could play a pivotal role in respect of technical assistance and in redirecting the attention of the international community towards the achievement of MDGs in Africa.

5. UNCTAD's 2005 EDA report on rethinking the role of FDI should be replicated for other developing regions like Latin America and Asia, with emphasis on the impact of FDI on economic development. UNCTAD had an important role to play in the follow-up to the Financing for Development Plus 5 Review and its implications for MDGs. UNCTAD could assist African countries that had benefited from debt cancellation on how to use the resulting fiscal space to invest in social and economic development. Similarly, UNCTAD could study the impact of the promised doubling of aid on Africa's development. The third round of GSP negotiations should allow participating countries to increase their exports and benefit from trade liberalization within the context of South-South trade. The strategic partnership between Africa and Asia was bound to promote economic development of both regions, and UNCTAD should focus on studying its impact on economic development. UNCTAD should continue to support the Integrated Framework for Trade-related Technical Assistance, and strengthen the work of its substantive divisions with a view to helping countries to achieve the MDGs.

6. The representative of **Algeria,** speaking on behalf of the **African Group,** emphasized that UNCTAD's analytical research and technical assistance relating to Africa underscored the strong commitment of African countries to UNCTAD. As shown by trade statistics, which revealed a declining trend in Africa's share of international trade over the last 20 years, the recommendations on development strategies from other international organizations had failed. UNCTAD XI had brought a new vision of development issues at a time of change in the geography of international economic relations. The close cooperation between the NEPAD secretariat and UNCTAD should continue, as should UNCTAD's technical assistance in Africa in the areas of development and poverty reduction, transportation, investment, and information and communication technologies. UNCTAD's efforts notwithstanding, Africa had yet to develop, so only a "Marshall Plan" would unleash the dynamics of development, through a pragmatic linking of research and analytical functions with technical assistance, especially to improve infrastructure, with a view to strengthening Africa's export competitiveness. Developed partners should engage developing countries with a view to raising the large financial resources required to face the challenge. UNCTAD's assistance to developing countries in their WTO accession bid was not reflected in the "Report on activities undertaken by UNCTAD in favour of Africa". The language problems faced by French-speaking countries in accessing UNCTAD reports should be addressed.

7. The representative of **Austria,** speaking on behalf of the **European Union and the acceding countries of Bulgaria and Romania,** said that the EU valued UNCTAD's work in favour of Africa. The EU had a privileged relationship with Africa, which was encompassed in an enhanced EU-Africa political dialogue. Two main initiatives already in place deserved to be highlighted: the European Consensus for Development, to provide a solid base for increasing coherence, coordination and consistency and to increase aid effectiveness and efficiency; and the EU strategy for Africa, a Euro-Africa pact to accelerate Africa's development which for the first time addressed Africa as one entity and focused on its key requirements for sustainable development. The Economic Partnership Agreements were instruments for development aimed at enhancing regional economic integration and reducing poverty in the ACP countries.

8. Three main areas deserved particular emphasis in UNCTAD's activities in favour of Africa: trade analysis, capacity building programmes, and technical assistance projects, all of which aimed to assist African countries participate in and benefit from the world trading system. There was a need to improve UNCTAD's outreach and communication strategy to ensure that key policy messages reached high-level policy-making processes. The linguistic needs of African countries, especially LDCs, with official languages other than the official UN ones should be addressed in capacity-building and technical assistance programmes. Member States and the secretariat should make an effort to improve the dissemination of UNCTAD's products, and UNCTAD and ECA should take greater account of each other's work.

9. In many respects, 2005 had been a year of action for Africa in view of, inter alia, the global review of the MDGs by the General Assembly, G8 financing commitments, and the report of the Commission for Africa. The EU attached great importance to the African Union and NEPAD, and it supported the Commission for Africa's recommendations that development should remain a strong focus of the WTO negotiations. The EU was committed to improving the participation of the developing countries in the global economy and to supporting increased trade, including South-South trade, and regional integration. UNCTAD's work should focus more on Africa, for example by integrating trade into PRSPs and nationally owned development strategies. UNCTAD should maintain close contacts with OECD/DAC countries, and a representative of DAC could be invited to subsequent meetings in order to have a full picture of donor commitments.

10. The representative of **Benin,** speaking on behalf of the **least developed countries** (LDCs), highlighted a number of UNCTAD activities and programmes that benefited LDCs and some African States, including JITAP and the Integrated Framework. UNCTAD should reinforce its analytical activities with reference to the Integrated Framework and should be more engaged in the national implementation of the matrix of actions for beneficiary LDCs. Donors were exhorted to increase their extrabudgetary contributions to UNCTAD to reinforce its role in the Integrated Framework, especially through concrete field actions. UNCTAD should maintain the priority given to LDCs, the majority of which were African countries, in the allocation of technical cooperation programmes and in the secretariat's analytical work, which should not be the exclusive prerogative of the Special Programme for LDCs. Member States should be involved in the preparations for the mid-term review of the Brussels Plan of Action for LDCs, scheduled for September in New York. In that connection, the LDCs thanked the Governments of Norway and Austria for their role in organizing the ad hoc meeting held in preparation for the mid-term review; the meeting had contributed to the positive outcome of the Ministerial Conference of LDCs in Benin in June 2006.

11. The economic and social situation of Africa was not improving because concrete action in favour of African LDCs was lacking. Africa had been marginalized because of its small share of international trade (2 per cent) and FDI (3 per cent), lack of industries that could compete at the global level, weak road and port infrastructure, a poorly qualified labour force, and a traditional and underdeveloped agricultural sector. These same factors were hindering Africa's efforts to halve the level of poverty by 2015. The commitment of the G8 to double aid to Africa and cancel the multilateral debt of 18 countries was welcome, but Africa's financing requirements to attain MDGs had yet to be met.

12. The representative of **China** noted UNCTAD's capacity to undertake analytical work consistent with Africa's needs. Considerable effort had gone into preparing Investment Policy Reviews, but there were many countries on the waiting list. China would be organizing a meeting of Portuguese-speaking African countries to which UNCTAD would be invited in order to share its expertise with participating countries.

13. The **Deputy Secretary-General of UNCTAD** assured delegations that UNCTAD would strive to increase the utilization of Portuguese and French in its work. If member States wanted UNCTAD to replicate the EDA report for Latin America and Asia, the secretariat would be prepared to do so in collaboration with the respective regional Commissions, although it already published a study of FDI trends for the entire world. UNCTAD's focus was not only FDI flows but also their role in economic growth. The invitation by the Chinese representative to UNCTAD to participate in meetings with Portuguese-speaking countries was accepted.

14. In response to questions raised, the **Special Coordinator for Africa** indicated that aid effectiveness was being dealt with in the 2006 EDA Report, and any report on aid would need to utilize DAC data. There was no objection to the suggestion to invite an expert from DAC. EDA reports were disseminated as widely as possible, and while they might not be cited in other publications on Africa's development, one could find some of their policy recommendations in the latter. Responding to the representative of Benin, he emphasized that it was not enough to tell African Governments what they should do to develop; providing resources and ensuring ownership of policies was just as important. Analyses and recommendations contained in past EDA reports were still relevant in the absence of any dramatic development on the continent. The objective now was to enable countries that were not on course to meet the MDGs to get as close as possible to the targets. UNCTAD's technical assistance to African countries in the process of acceding to the WTO would be reported in the next issue of the secretariat's activities undertaken by UNCTAD in favour of Africa.

Action by the Board

15. The Board took note of the report by the Secretary-General of UNCTAD on "Activities undertaken by UNCTAD in favour of Africa" (TD/B/EX(39)/2).

Chapter II

OTHER BUSINESS

(Agenda item 3)

Report on the Ad Hoc Expert Meeting in preparation for the Mid-term Review of the Programme of Action for LDCs for the Decade 2001–2010

16. The representative of **Austria**, speaking in her capacity as Co-Chairperson of the Ad Hoc Expert Meeting, said that the Meeting had been well attended, had produced interesting discussions, and had resulted in a balanced Chairperson's summary. The work of the Meeting had been instrumental in making possible the success of the LDC Ministerial Meeting in June 2006, and the report of the meeting would not only serve as a useful input to the mid-term review of the LDC Programme of Action but would also reflect the useful work done by UNCTAD for LDCs.

Action by the Board

17. The Board welcomed the report of the Ad Hoc Expert Meeting (UNCTAD/LDC/MISC/2006/10) and requested the President of the Board to forward the report to New York as an input to the mid-term review of the Programme of Action for LDCs for the Decade 2001–2010.

Upcoming Board sessions

18. The Board approved the provisional agenda and timetable for its fifty-third regular session (see document TD/B/53/1), as well as the timetable for the third part of its twenty-third special session (Mid-term Review).

Chapter III

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

Opening of the session

19. The session was opened by Mr. Kwame Bawuah-Edusei (Ghana), Vice-President of the Board, who also presided over the session.

Adoption of the agenda

20. The Board adopted the provisional agenda contained in document TD/B/EX(39)/1, as amended. (For the agenda as adopted, see annex I below.)

Bureau

21. The Bureau of the Board was as elected at its fifty-second session. The Bureau was thus as follows:

President:	Mr. Ransford A. Smith	(Jamaica)
Vice-Presidents:	Mr. Juan Antonio March	(Spain)
	Mr. Wegger Christian Strømmen	(Norway)
	Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	Mr. Sameh Shoukry	(Egypt)
	Mr. Kwame Bawuah-Edusei	(Ghana)
	Mr. Gyan Chandra Acharya	0(Nepal)
	Mr. Musa Burayzat	(Jordan)
Rapporteur:	Mr. Levan Lomidze	(Georgia)

Report of the Board on it thirty-ninth executive session

22. The Board authorized the completion of the report of the thirty-ninth executive session under the authority of the President.

Annex I

AGENDA FOR THE THIRTY-NINTH EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda
2. Activities undertaken by UNCTAD in favour of Africa
3. Other business
   (a) Report on the Ad Hoc Expert Meeting in preparation for the Mid-term Review of the Programme of Action for LDCs for the Decade 2001–2010
   (b) Upcoming Board sessions
4. Report of the Board on its thirty-ninth executive session

Annex II

ATTENDANCE*

1. Representatives from the following States members of the Trade and Development Board attended the session:

Afghanistan
Algeria
Austria
Bangladesh
Belarus
Belgium
Benin
Bulgaria
Canada
China
Czech Republic
Ethiopia
Finland
France
Guinea
India
Indonesia
Iran (Islamic Republic of)
Italy
Jamaica
Japan
Madagascar
Mali
Malta
Mauritania
Pakistan
Philippines
Poland
Portugal
Saudi Arabia
Slovakia
Switzerland
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America
Yemen

2. Representatives from the following States members of UNCTAD not members of the Trade and Development Board attended the session:

Holy See
Timor-Leste

3. The following intergovernmental organizations were represented at the session:

European Community
League of Arab States
Organisation internationale de la francophonie

4. The following United Nations agency was represented at the session:

Economic Commission for Africa

5. The following non-governmental organizations were represented at the session:

General Category
International Confederation of Free Trade Unions
Special Category
International Ocean Institute

* For the list of participants, see TD/B/EX(39)/INF.1.

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General Assembly

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Report of the Trade and Development Board on the third part of its twenty-third special session*

Geneva, 3-10 October 2006

* The present document is an advance version of the report of the Trade and Development Board on its twenty-third special session, held at the United Nations Office at Geneva from 3 to 10 October 2006. It will appear in final form, together with the reports of the thirty-eighth executive session, the thirty-ninth executive session and the fifty-third session of the Board, as *Official Records of the General Assembly, Sixty-first Session, Supplement No. 15* (A/61/15).

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	A. Stocktaking in respect of the implementation of the São Paulo Consensus	4
	B. Strengthening the three Pillars of UNCTAD	8
	C. UNCTAD, development and the way forward	12
II.	INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS	17

INTRODUCTION

At UNCTAD XI, in June 2004, member States decided that a mid-term review should be conducted by the Trade and Development Board in 2006. At its thirty-eighth executive session, in April 2006, the Trade and Development Board decided that the objectives of the Mid-term Review would be threefold: (a) to evaluate implementation of the outcomes of UNCTAD XI; (b) to strengthen UNCTAD's role in each of its three pillars; and (c) to conduct a policy dialogue at the highest possible level. It further decided that the Mid-term Review would consist of three parts; the first part would begin on 8 May and would be primarily a stocktaking exercise with regard to the implementation of the São Paulo Consensus. The second part, on the three pillars, would take place in June, and the third part, on policy dialogue, would take place in September. The report on the first part of the Mid-term Review was issued in document TD/B(S-XXIII)/4. The report on the second part of the Mid-term Review was issued in document TD/B(S-XXIII)/5. The present report reflects the outcome of the Board's deliberations at the third part of the Mid-term Review. An account of the Board's discussions will be issued in volume II of this report.

Chapter I

AGREED OUTCOME OF THE MID-TERM REVIEW

A. Stocktaking in respect of the implementation of the São Paulo Consensus

The Trade and Development Board,

Recognizing that, while UNCTAD has made progress in the implementation of the São Paulo Consensus, there remains room for improvement, particularly in enhancing the integration of the work of UNCTAD's three pillars,

1. *Notes with appreciation* the work undertaken by UNCTAD in implementing all four subthemes of the São Paulo Consensus, *requests* the secretariat to place more emphasis on concrete results and impact, and *invites* donors to provide UNCTAD with adequate and sustained extrabudgetary resources for this work;

2. *Requests* UNCTAD to further enhance its efforts to cooperate and strengthen synergies and complementarities with other international organizations, in accordance with paragraph 11 of the São Paulo Consensus;

3. *Requests* that UNCTAD continue its work in the spirit of paragraph 8 of the São Paulo Consensus and as mandated in paragraphs 26 and 30 of the São Paulo Consensus on analysing the impact of international policies and processes on the scope for implementing national development strategies, taking into account all countries' need for appropriate balance between national policy space and international disciplines and commitments;

4. *Requests* that UNCTAD continue its work in the spirit of paragraph 2 of the São Paulo Consensus and as mandated in paragraphs 21 and 29 of the São Paulo Consensus on contributing to the implementation of international development goals, including those in the Millennium Declaration, taking into account that good governance within each country and at the international level is essential for sustained growth and development;

Development strategies in a globalizing world economy

5. *Requests* UNCTAD to continue to contribute to identifying policy options and development opportunities and challenges in the following areas:

(a) Regional integration and South-South cooperation;

(b) Debt and debt sustainability, especially linked to the impact of debt on national capacities and the allocation of financial resources to different sectors; in the context of the HIPC initiative, future reviews of debt sustainability should bear in mind the impact

of debt relief on progress towards the achievement of the development goals contained in the Millennium Declaration;

(c) The financial services sector in developing countries;

6. *Invites* UNCTAD to strengthen assistance to the Palestinian people, as mandated by the Bangkok Plan of Action and the São Paulo Consensus;

7. *Also requests* UNCTAD to strengthen and disseminate its analytical and research work, particularly in developing countries and countries with economies in transition, in particular the *Trade and Development Report*, the annual *Least Developed Countries Report* and the annual report on *Economic Development in Africa*, and to improve outreach regarding all activities, including technical assistance;

8. *Further requests* UNCTAD to enhance its research and analytical work on the LDCs and African countries in accordance with paragraph 54 of the São Paulo Consensus, strengthening its ongoing cooperation with institutions in LDCs and African countries in areas of interest to them;

9. *Notes with satisfaction* the progress made in the implementation of paragraphs 33, 34, 84 and 85 of the São Paulo Consensus, and *encourages* UNCTAD to:

(a) Make further efforts to enhance its work on the Integrated Framework and to strengthen national ownership of the process of mainstreaming trade in national development strategies, including PRSPs, as well as prioritization and development of national trade-related technical assistance projects;

(b) Examine the potential mutual benefits of transit transport agreements;

(c) Strengthen and focus its work on special constraints and challenges faced by LDCs, small island developing States, landlocked developing countries, transit developing countries and structurally weak, vulnerable and small economies, as mandated in paragraph 33 of the São Paulo Consensus;

Building productive capacities and international competitiveness

10. *Requests* UNCTAD to carry out analytical work on the impact of foreign direct investment (FDI) on the development of host countries, including a focus on development orientation of FDI;

11. *Requests* UNCTAD to also continue its work in the area of corporate responsibility and positive corporate contributions, in accordance with paragraphs 45 and 58 of the São Paulo Consensus;

12. *Requests* UNCTAD to, within its mandate, further its analysis of the transfer and diffusion of technology, including through FDI, as well as the role of intellectual property rights and development,

and *also requests* UNCTAD to increase synergies between its work in the areas of international investment arrangements and its investment-related advisory work;

13. *Requests* UNCTAD to strengthen the implementation of activities on its insurance programme, as mandated by the São Paulo Consensus, particularly for African countries and LDCs;

14. *Requests* UNCTAD, in accordance with its mandate and within available financial resources, to strengthen its work on science and technology for development, and to integrate this work into its contribution to the follow-up and implementation of the relevant action lines relating to the 2005 World Summit and WSIS, including through the Commission on Science and Technology for Development, in accordance with relevant ECOSOC decisions and the Summits' outcomes;

15. *Also requests* UNCTAD to continue to provide a forum for the discussion of ICT-for-development-related issues;

16. *Further requests* UNCTAD to concentrate on new developments in trade and transport facilitation, including areas such as multimodal transport, logistics services, maritime and global supply-chain security, and international legal frameworks;

17. *Also requests* UNCTAD to enhance its analytical work on issues of interest to LDCs and to disseminate the results among policy makers in these countries;

Assuring development gains from the international trading system and trade negotiations

18. *Requests* UNCTAD, in accordance with its mandate as the focal point in the UN system for the integrated treatment of trade and development, to continue its work on trade in goods, services and commodities. In this regard, UNCTAD should emphasize the following areas, and continue to cooperate closely with other international organizations within their respective mandates:

(a) Coordination of UN-wide activities on trade and development;

(b) Commodity issues, including the linkages between the extractive sectors and the rest of the economy, and their integration into national, regional and international development and poverty reduction strategies;

(c) Contributing, through the three main pillars of its work, to national, regional and international policy efforts to resolve the trade and development problems associated with commodity dependence, and in this context working towards operationalizing the multi-stakeholder consultative process on commodities mandated by UNCTAD XI on those issues identified in the São Paulo Consensus, in accordance with footnote 5 of the São Paulo Consensus,[1] as well as, as appropriate, those highlighted in the

[1] UNCTAD/IAOS/2005/6.

recommendations addressed to UNCTAD in the report of the Meeting of Eminent Persons on Commodity Issues;[2]

(d) Competition law and policy, in accordance with the resolution adopted by the Fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices;[3]

(e) Trade negotiations, issues, capacities and WTO accession and its follow-up, as well as services development and trade negotiations, with particular emphasis on the strengthening of country ownership and capacity building in preparing and conducting trade negotiations;

(f) Strengthening the participation of developing countries in new and dynamic sectors of world trade;

(g) The programme on non-tariff barriers (NTBs), including support for the Group of Eminent Persons on Non-Tariff Barriers established by the Secretary-General of UNCTAD;

(h) Development and dissemination of trade-related databases, and trade and development benchmarks;

(i) Cross-cutting issues of trade, poverty, sustainable employment creation, gender, matters pertaining to movement of natural persons, and adjustment to trade reform;

(j) New dynamics of world trade in keeping with paragraph 13 of the Spirit of São Paulo, which includes facilitating the emergence of new dynamic centres of trade and growth in the South; monitoring and analysing changing patterns of developing countries' participation and share in international trade; identifying success factors, including private-public partnerships, and disseminating lessons learned; encouraging South-South trade and economic integration; and supporting a more comprehensive GSTP;

(k) Trade, environment and development issues, the BioTrade Initiative and related partnerships, and the Biofuels Initiative;

(l) The development dimension of intellectual property, in close cooperation with relevant organizations;

(m) Aid for Trade, including aid for institutional, regulatory, infrastructural and human resources development in developing countries;

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[2] TD/B/50/11.

[3] TD/RPB/CONF.6/15.

Partnership for development

19. *Requests* the UNCTAD secretariat to enhance its efforts to secure the necessary resources to ensure that all partnerships are operational, and *invites* donors to provide adequate and sustained resources to strengthen partnerships, including through the participation of civil society experts from developing countries;

B. Strengthening the three Pillars of UNCTAD

The Trade and Development Board,

20. *Recalls* that the United Nations Conference on Trade and Development, an organ of the UN General Assembly, is the focal point in the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development and has as its objective assisting developing countries, and least developed countries in particular, to successfully integrate into the global economy;

21. *Reaffirms* the São Paulo Consensus;

22. *Further reaffirms* that the work of UNCTAD's three pillars should contribute directly to implementation of the São Paulo Consensus and integrated follow-up to the outcomes of the major United Nations conferences and summits, as well as the accomplishment of the internationally agreed development goals, including the MDGs;

23. *Emphasizes* that UNCTAD should continue to act as an advocate for development and that its work should retain a strong development focus;

24. *Recalling* paragraph 3 of the São Paolo Consensus, *emphasizes further* that UNCTAD's three pillars of research and analysis, consensus building and technical cooperation form an organic whole and are inherently interlinked; they must be strengthened and work in order to ensure that the organization fulfills its mandate;

25. *Stresses* that UNCTAD, as an intergovernmental body, must respond to the needs, concerns and priorities of its membership, and measures to strengthen UNCTAD must take into account the need for the organization to remain responsive and accountable to member States, while maintaining its intellectual independence and rigour of research and analysis;

Strengthening UNCTAD's research and analysis

26. *Emphasizes* that UNCTAD is a knowledge-based institution and that research and analysis is the backbone of its work on trade and development and interrelated issues in the areas of finance, investment, technology and sustainable development;

27. *Stresses* that UNCTAD's research and analysis should help advance consensus on important trade and development-related issues, including within its mandate to the implementation of the outcomes of the major United Nations conferences and summits;

28. *Agrees* that UNCTAD's research and analysis should be development-oriented, independent, and grounded in solid evidence, and provide ahead-of-the-curve and innovative work on trade and development and related issues, challenging conventional wisdom when necessary, and examining all related issues of the international economic system in the context of their relationship with trade and development, including work in the areas of debt, finance, intellectual property, technology, globalization and sustainable development, in accordance with the São Paulo Consensus;

29. *Further agrees* that UNCTAD should enhance its research and analytical work for all developing countries and countries with economies in transition, including as stated in paragraphs 32 and 33 of the São Paulo Consensus;

30. *Recommends* that UNCTAD's research and analysis be strengthened in the context of trade and development and within its mandate, *inter alia* by:

(a) Recognizing the need for diversity in national policies, placing greater emphasis on practical solutions and policy options for developing countries and countries with economies in transition to cope with existing and emerging development challenges;

(b) Examining systemic issues of the international economy of particular importance to developing countries;

(c) Enhancing its statistical and research/analysis databases and software systems;

(d) Ensuring inter-divisional cross-fertilization and collaboration in research and analysis;

(e) Further promoting creative partnerships with other United Nations entities and other international organizations, enhancing development-oriented complementarity, synergies and coherence consistent with each organization's mandate;

(f) Strengthening links with the wider development research community, *inter alia* by deepening contacts with research networks;

(g) Reinforcing the relevance of research and analysis for consensus building and technical assistance in accordance with the needs and priorities of developing countries;

(h) Developing an effective dissemination and communication strategy, targeted at a wider audience, including policy makers and other stakeholders, particularly in developing countries.

Strengthening UNCTAD's consensus building

31. *Emphasizes* the fundamental importance of the consensus building pillar of UNCTAD, in particular its dedicated development perspective, and *stresses* the role this pillar has in enhancing understanding and building convergence in the interrelated areas of trade, investment, finance, technology and sustainable development.

32. *Recommends* that UNCTAD's consensus building pillar be strengthened, *inter alia* by:

(a) Enhancing the coherence between the different levels of the intergovernmental process;

(b) Ensuring that, in order to advance the consensus building process, intergovernmental meetings result in development-oriented outcomes including policy options, as mutually agreed;

(c) Providing a more focused input from the Board to the General Assembly's consideration of the agenda item on international trade and development;

(d) Ensuring the Board's agenda is varied and topical;

(e) Working towards ensuring that the agendas of the Commissions are topical and focused, including by concentrating on one or two major themes of mutual interest and, when requested, a policy review on a rotating regional basis;

(f) Ensuring that, as appropriate, the Commissions take into account the work of expert meetings in their substantive policy dialogues;

(g) Considering the possibility of creating a Commission on Globalization and Systemic Issues;

(h) Exploring the possibility of having some expert meetings on a multi-year basis and building networks of experts;

(i) Finding urgently a sustainable solution to the predictable financing of experts from developing countries and countries with economies in transition in UNCTAD expert meetings;

(j) In addition to existing intergovernmental meetings and processes, utilizing informal events to deal with current trade and development issues;

(k) Encouraging greater participation of non-state actors working in the development fields, including the private sector, and from developing countries in UNCTAD's intergovernmental meetings, in accordance with the established rules of procedure and as prescribed in the São Paulo Consensus;

(l) Making full use of the monthly consultations of the President of the Board as a means of regular and informal exchanges of views;

Strengthening UNCTAD's technical cooperation

33. *Emphasizes* that the role of the technical cooperation provided by UNCTAD is anchored on, interrelated with, and essential to the two other pillars in an appropriate sequenced manner, with a view to their operationalization;

34. *Agrees* that there is a need to ensure transparency, efficiency, effectiveness and accountability in all UNCTAD technical cooperation activities, and *emphasizes* the importance of development-oriented and demand-driven technical assistance, based on the priorities of, and ownership by, beneficiaries;

35. *Urges* donors to work towards predictable funding, based on needs, concerns and priorities of developing countries, in order to allow increased sustainability of technical assistance activities to developing countries and regions, with special attention to the LDCs;

36. *Notes* the increase in extrabudgetary resources, while recognizing that technical assistance should be grounded on the São Paulo Consensus, and *also agrees* to explore the possibility of alternative sources and mechanisms of funding to undertake studies on issues of special interest to developing countries;

37. *Recognizes* the need to identify potential areas for improvement in the technical cooperation strategy as elaborated in paragraph 53 of document TD/B(S-XXIII)/3;

38. *Recommends* that UNCTAD's technical assistance pillar be strengthened by:

(a) Ensuring more cross-divisional cooperation in order to reflect the systemic perspective of the key interrelated issues of the international economic agenda in the design and the implementation of technical cooperation activities;

(b) Working towards the introduction of integrated and multi-donor thematic programmes of technical cooperation in order to reduce the number of small and earmarked operations;

(c) Improving management, evaluation and reporting of all technical cooperation activities according to UN Rules and Regulations and appropriate best practices;

(d) Introducing better monitoring of technical cooperation and fund raising;

(e) Ensuring an effective role of UNCTAD at country level by providing analytical inputs to UN Country Teams and by improving cooperation with UNDP and UN Resident Coordinators;

(f) Promoting synergies and strengthening the linkages between technical cooperation and the other two pillars;

(g) Ensuring that UNCTAD is in a position to play an important role in the Aid for Trade Initiative, in accordance with UNCTAD's mandates, expertise and development approach;

(h) Introducing an information sharing system to enhance the flow of information on technical cooperation, as well as to improve the information provided to member States on technical cooperation activities;

(i) Maximizing the regional delivery of technical assistance activities, thus benefiting from pooled resources and enhancing relevance;

(j) Ensuring that all technical assistance activities utilize to the maximum extent possible local and regional expertise and material resources to enhance the institutional capacity of recipient countries and the sustainability of benefits;

(k) Within existing resources, delivering short training courses on key issues on the international development agenda for Geneva-based delegations in the context of paragraph 166 of the Bangkok Plan of Action.

C. UNCTAD, development and the way forward

The Trade and Development Board,

Reaffirming the outcomes of UNCTAD XI,

Recognizing that the full and effective implementation of the outcomes of UNCTAD XI will advance the broader international discourse on development and strengthen the United Nations' development machinery,

Cognizant of the holding of UNCTAD XII in Ghana in 2008,

39. *Reiterates* UN General Assembly resolution 60/265, which recognizes, *inter alia*, that the United Nations should play a fundamental role in the promotion of international cooperation for development and the coherence, coordination and implementation of the internationally agreed development goals, including the Millennium Development Goals, and resolves to strengthen coordination within the United Nations system, in close cooperation with other relevant multilateral financial, trade and development institutions, in order to support sustained economic growth, poverty and hunger eradication, and development.

40. *Agrees* that:

(a) UNCTAD plays an important role in forging consensus on development-related issues and in supporting the development of policy options that harness emerging opportunities while assisting developing countries and countries with economies in transition in addressing the challenges of globalization;

(b) The work of UNCTAD, in its three pillars, towards the achievement of development goals and objectives is focused on an integrated treatment of trade and development and the related issues and to that end contributing to the creation of a conducive international environment for development and assisting developing countries and countries with economies in transition in the effective implementation of their national development strategies, taking into account country-specific priorities, needs and circumstances and their international commitments and within the framework of international disciplines and commitments;

(c) UNCTAD shall increase its support for South-South cooperation and regional and interregional initiatives;

Globalization for development

41. *Recognizes* that the opportunities and challenges of globalization and the pace and direction of global economic integration have affected all countries in different ways; globalization has allowed a number of countries to accelerate economic growth and development, while presenting serious challenges to others, particularly the LDCs;

42. *Agrees* that, to maximize the benefits of globalization for developing countries, especially the LDCs, and countries with economies in transition, UNCTAD shall in its three pillars of work, *inter alia*:

(a) Aim at the revitalization of a global partnership for development by contributing to global consensus building on trade-and-development-related issues, including the problems of countries dependent on the export of few primary commodities as they are affected by globalization; by supporting all countries in their efforts to contribute constructively to international processes and norm-setting procedures; and by providing support for the design of national development strategies and capacity building;

(b) Promote and support the efforts of all countries to deliver on their development-related commitments and to work together on strengthening global structures to ensure stable, complementary and mutually reinforcing multilateral trading, monetary and financial systems that will advance the development of all countries;

Coherence for development between national development strategies and international economic processes

43. *Considers* that, in order to enable developing countries to reap greater benefits from globalization and to achieve the international development goals, including those contained in the Millennium Declaration, there is a need to enhance the coherence and consistency of the international monetary, financial and trading systems and global economic governance. There is a need to broaden and strengthen the participation of developing counties and countries with economies in transition in international economic decision-making and norm-setting, as well as the continuing efforts to reform the international financial architecture. This should include support for measures to deal with present and potential problems and challenges such as maintaining debt sustainability in all developing countries, especially heavily indebted poor countries after they have benefited from debt relief under the HIPC initiative;

44. *Recognizes* that good governance within each country and at the international level is essential for sustainable growth and development. Sound economic policies, solid democratic institutions responsive to the needs of the people, and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation. Freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, gender equality, market-oriented policies, and an overall commitment to just and democratic societies are also essential and mutually reinforcing. Transparency in the financial, monetary and trading systems, and full and effective participation of developing countries in global decision-making, are essential to good governance and to development and poverty eradication. These basic factors need to be complemented by policies at all levels to promote investment, building of local capabilities, and successful integration of developing countries into the world economy. A crucial task is to enhance the efficacy, coherence and consistency of macroeconomic policies;

45. *Recognizes* that national development strategies reflecting the diversity of the ways to progress must take into account the specific priorities, needs and circumstances of each country. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space. It is particularly important for developing countries, bearing in mind development goals and objectives, that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments;

46. *Agrees*, therefore, that UNCTAD shall, within its mandate, under the São Paulo Consensus, *inter alia*:

(a) Contribute to increasing coherence for development between national development strategies and the international monetary, financial and trading systems, taking into account the need for developing countries to identify and choose appropriate policy instruments and taking into account country-specific priorities, needs and circumstances and their international commitments and within the framework of international disciplines and commitments;

(b) Contribute, within its mandate, to the implementation of the outcome of the High-level Comprehensive Mid-term Review of the Programme of Action for the LDCs for the decade 2001-2010, bearing in mind that the challenges of poverty reduction in these countries are immense and will require special national and international efforts to address them;

(c) Continue and strengthen its work, across the three pillars of UNCTAD, on good governance at the national and the international levels within its mandate on trade and development and related issues in accordance with paragraph 21 of the São Paulo Consensus;

(d) Provide a forum for intergovernmental development-oriented dialogue on the range of policy options available, taking into account country-specific priorities, needs and circumstances and their international commitments and within the framework of international disciplines and commitments;

(e) Assist in ensuring that trade-related policies and processes, as well as efforts to resolve trade and development problems associated with commodity dependence, help maximize development gains and contribute to poverty eradication, including through support of efforts to reach a development-focused outcome of the WTO's Doha Work Programme. In particular, UNCTAD shall, in close cooperation with other relevant organizations, in its three pillars of work, *inter alia*:

(i) Support the full, effective and beneficial participation of developing countries and countries with economies in transition in international trade and trade negotiations;

(ii) Assist LDCs to increase utilization of duty-free and quota-free market access granted for their products in the developed countries and in developing countries declaring themselves in a position to do so, in line with the WTO Hong Kong Ministerial Declaration;

(iii) Assume an important role in providing assistance to developing countries under the Aid for Trade initiative, taking into account their national development strategies;

(f) Strengthen its work on South-South cooperation, including through the GSTP, in view of recent developments in the framework of international trade and financial flows;

(g) Ensure that its technical cooperation be demand-driven, needs-based and tailored to countries and/or regions, building and enhancing the development of productive capacities, competitiveness and market access for developing countries;

UNCTAD, UN reform and development

47. *Recognizes* that the United Nations has the legitimacy, credibility and capacity to serve as a forum for the development of global responses to global problems, and that UNCTAD, with its universal membership, plays an important role within the UN system as its focal point for the integrated treatment of trade, development and related issues;

48. *Agrees* that,

(a) UNCTAD's intergovernmental machinery should play its full role in contributing to the outcome of the UN reform process and in addressing its implications for UNCTAD, and *noting* the interventions by the Ministers and delegations during the high-level policy dialogue on "UNCTAD, development and the way forward", *looks forward* to commencing, before the end of the year, intergovernmental consultations which will include, *inter alia*, the Report of the Panel of Eminent Persons established by the Secretary-General of UNCTAD on possible ways of enhancing the development role and impact of UNCTAD, in the light of its mandate and in accordance with the agreed outcome under the section on strengthening the three pillars of UNCTAD in this document;

(b) UNCTAD shall, within its mandate, contribute substantively to the implementation, follow-up and review processes of the outcomes of recent global conferences. UNCTAD's work in this regard shall contribute to the preparatory work for UNCTAD XII.

Chapter II

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The third part of the special session was opened by Mr. Gyan Chandra Acharya (Nepal), President of the Board.

B. Adoption of the agenda

2. The agenda was as adopted at the first part of the session, namely:

1. Adoption of the agenda and organization of work
2. Stocktaking in respect of the implementation of the São Paulo Consensus[4]
3. Strengthening the three pillars of UNCTAD:[5]
   (a) Consensus building
   (b) Research and analysis
   (c) Technical cooperation
4. High-level policy dialogue and the way forward
5. Institutional, organizational, administrative and related matters:
   – Administrative and financial implications of the actions of the Board
6. Other business
7. Adoption of the report of the Board

3. At consultations of the President of the Trade and Development Board on 8 June 2006, it was decided that the theme and subthemes for agenda item 4 would be as follows:

UNCTAD, development and the way forward

1. Globalization for development
2. Coherence for development between national development strategies and international economic processes
3. UNCTAD, UN reform and development

[4] Taken up at the first part of the session (TD/B(S-XXIII)/4).
[5] Taken up at the second part of the session (TD/B(S-XXIII)/5).

C. Bureau

4. The Bureau of the Board was as elected at its fifty-second session. The Bureau was thus as follows:

President:	Mr. Gyan Chandra Acharya[6]	(Nepal)
Vice-Presidents:	Mr. Juan Antonio March	(Spain)
	Mr. Wegger Christian Strømmen	(Norway)
	Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	Mr. Sameh Shoukry	(Egypt)
	Mr. Kwame Bawuah-Edusei	(Ghana)
	Mr. Musa Burayzat	(Jordan)
Rapporteur:	Mr. Levan Lomidze	(Georgia)

E. Adoption of the report of the Board

5. At the closing plenary meeting, on 10 October 2006, the Board adopted the draft report on the third part of its twenty-third special session (TD/B(S-XXIII)/L.6 and Add.1–3).

* * * * * * * * *

[6] Replaced Mr. Ransford Smith (Jamaica).

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Sixty-first session

Report of the Trade and Development Board on its fifty-third session*

Geneva, 27 September to 2 October and 10 October 2006

* The present document is an advance version of the report of the Trade and Development Board on its fifty-third session, held at the United Nations Office at Geneva from 27 September to 2 October and on 10 October 2006. It will appear in final form, together with the reports of the thirty-eighth executive session, the thirty-ninth executive session and the twenty-third special session of the Board, as *Official Records of the General Assembly, Sixty-first Session, Supplement No. 15* (A/61/15).

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INTRODUCTION

(i) The fifty-third session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 27 September to 2 October and on 10 October 2006. In the course of the session, the Board held 14 plenary meetings – the 984th to 997th meetings.

(ii) This report to the United Nations General Assembly has been prepared in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I), summaries of discussions under certain items (section II), and procedural, institutional, organizational and administrative matters (section III).

(iii) Volume II of the report of the Board on its fifty-third session – to be issued subsequently in TD/B/53/8 (Vol. II) – will reflect the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010

Agreed conclusions 486 (LIII)

The Trade and Development Board,

Noting with appreciation the *Least Developed Countries Report 2006* entitled "Developing Productive Capacities", and *commending* the UNCTAD secretariat for the objective, high-quality analysis and policy recommendations contained in the Report,

Welcoming the activities undertaken by UNCTAD in implementation of the Brussels Programme of Action for the LDCs for the Decade 2001-2010, and *urging* the UNCTAD secretariat to redouble its efforts in support of LDCs in the future,

Welcoming the outcome of the High-level Comprehensive Mid-term Review of the Programme of Action and calling for the full and speedy implementation by all stakeholders of the actions and commitments therein,

1. *Recognizes* that LDCs in many cases may not achieve the goal of reducing extreme poverty by half by 2015 – although economic growth in LDCs as a group has reached almost 6 per cent – and that they have been very vulnerable to economic, environmental and political crises that often result in economic fragility and growth collapse;

2. *Underlines* the continued national efforts accompanied by increased and sustained international support measures that are urgently needed in order for LDCs to achieve the poverty reduction goals of the Brussels Programme of Action and the Millennium Declaration;

3. *Acknowledges* that policies complemented by good governance at all levels should better address the challenge of developing and utilizing productive capacities in most LDCs. There is a need to improve and strengthen the design of both national development plans or poverty reduction strategies and international support measures in favour of LDCs. This requires that the development and utilization of productive capacities be placed as a high priority in national and international policy approaches to poverty reduction in LDCs. Deliberate policies, strategies and regulatory regimes aimed at improving the domestic private sector and promoting enterprise development, particularly for small and medium-sized enterprises (SMEs), as well as actions to foster dynamic intersectoral linkages, are key for sustained development of LDCs. Such policies should be applied in a non-discriminatory manner;

4. *Stresses* that, with regard to international policies, there is need to maintain the momentum of increasing ODA flows where there is need and/or absorptive capacity, as well as improving the balance in their sectoral allocation in accordance with nationally owned development plans, and *further stresses* that it is necessary to increase the share of development aid for nationally owned

programmes and projects, and bridge the gap in respect of finance allocated to economic infrastructure and productive sectors, including long-term investments in human capital as an essential element of a country's productive capacity; these measures should be complemented by effective implementation of ongoing debt relief initiatives and improved market access for all products of export interest to LDCs;

5. *Reiterates* that the Integrated Framework for Trade-related Technical Assistance to LDCs (IF) remains a key instrument in strengthening the institutional capacities of LDCs with a view to enhancing their capacity to benefit from their participation in the multilateral trading system. The most important lesson learned from the IF process is that strong country ownership is critical to the success of the IF. It is understood that the broader Aid for Trade initiative will incorporate dimensions additional to the enhanced IF;

6. *Emphasizes* that, in view of the serious statistical deficiencies prevalent in most LDCs and the importance of reliable statistical data for policy research and analysis, as well as proper monitoring of progress in the implementation of the Programme of Action, there is a need for continued and strengthened ongoing national and international initiatives aimed at enhancing national statistical capacities in LDCs;

7. *Recommends* that UNCTAD should continue to support the efforts of LDCs in the ongoing process of formulating and implementing policies and strategies, including through participation in the poverty reduction strategy paper (PRSP) process. In this context, LDCs are encouraged to consider the integration of the relevant policy conclusions and recommendations of the *LDC Report 2006* into the design and implementation of national policies, including in the PRSPs, the enhanced Integrated Framework and the evolving Aid for Trade initiative. Development partners are encouraged to take the recommendations of the Report into account in their support measures.

997th plenary meeting
10 October 2006

B. Economic development in Africa: Doubling aid – Making the "Big Push" work

Agreed conclusions 487 (LIII)

1. *Takes note* of the report by the UNCTAD secretariat entitled *Economic Development in Africa: Doubling Aid - Making the "Big Push" Work*;

2. *Encourages* the secretariat to make the Africa report available early in advance of the Trade and Development Board's session;

3. *Notes with satisfaction* the commitment of the international community to double aid to Africa by 2010;

4. *Welcomes* the Paris Declaration on Aid Effectiveness but notes that problems persist relating to aid quality and effectiveness, such as the lack of predictability, coherence and transparency;

5. *Welcomes* the efforts made in the report in raising fundamental questions with regard to:

(a) Emphasizing the context of increased ownership for African countries, which have the main responsibility for their development, with regard to designing and implementing policies consonant with their specific development challenges and priorities,

(b) Good governance at all levels;

(c) The share and volume of multilateral aid;

(d) The multilateral structures and modalities for effective aid delivery;

(e) Positive aid experiences gained in different contexts;

6. *Invites* all Governments to give due consideration to the issues raised above with a view to further enhancing the impact and effectiveness of aid;

7. *Emphasizes* that UNCTAD, together with *inter alia* WTO, UNDP, OECD and the Bretton Woods institutions, has an important role to play by helping African countries to integrate trade policies with their national development strategies;

8. *Agrees* that UNCTAD should, within its mandate, continue to undertake critical and in-depth analysis, and provide policy advice, on African development, including attaining sustainable growth and development, with the objective of attaining the Millennium Development Goals (MDGs) and the implementation of NEPAD.

997th Plenary meeting
10 October 2006

C. Review of the technical cooperation activities of UNCTAD

Decision 488 (LIII)

The Trade and Development Board,

1. *Takes note with appreciation* of the technical cooperation activities carried out by the UNCTAD secretariat and of the reports prepared for the Working Party, and *requests* the secretariat to introduce further improvements in the reports, including *inter alia* in the statistical annex;

2. *Welcomes* the increase in total 2005 contributions, noting in particular the increase in developing country resources for the financing of UNCTAD operations in their countries, and *expresses gratitude* for the continuous support provided by bilateral and multilateral donors;

3. *Invites* all development partners to work together with a view to maximizing the development impact of UNCTAD's technical assistance, and *further invites* donors and potential donors in a position to do so to provide adequate funding for the technical cooperation activities of UNCTAD;

4. *Takes note with satisfaction* of the efforts undertaken by the secretariat to improve effective linkages between its research and analytical work, intergovernmental deliberations and technical cooperation activities, and *calls for* further initiatives in this regard;

5. *Reiterates* the importance of ensuring an equitable distribution of resources among the developing country regions and countries with economies in transition in the overall delivery of technical cooperation;

6. *Welcomes* the fact that a significant part of UNCTAD technical assistance is provided through interregional activities based on the thematic knowledge of the secretariat, and *urges* donors to continue their support for these activities;

7. *Reiterates* the importance of UNCTAD technical assistance responding to the specific and special needs of least developed countries, small, structurally weak, vulnerable economies, small island developing States, and landlocked and transit developing countries, in accordance with paragraph 33 of the São Paulo Consensus;

8. *Notes with satisfaction* the increase in total resources allocated to assistance to the least developed countries, as their special needs require particular attention, and *urges* donors and the UNCTAD secretariat to further enhance their assistance to these countries;

9. *Requests* the secretariat to ensure that the technical assistance provided is demand-driven and meets the beneficiaries' development goals and objectives;

10. *Calls* for implementation of recommendations on technical cooperation emanating from the Mid-term Review process, and *requests* the secretariat to report on progress made in this regard to the next session of the Working Party dealing with technical cooperation;

11. *Looks forward* to commencing intergovernmental consultations, which may include the report of the Panel of Eminent Persons established by the Secretary-General of UNCTAD, on possible ways of enhancing the development impact of UNCTAD's technical assistance;

12. *Takes note* in this regard of the efforts envisaged by the UNCTAD secretariat with a view to enhancing the coherence and interdivisional nature of technical cooperation programmes and activities, including streamlining projects into thematic clusters and programmes and closing inactive operations; also *takes note* of the efforts of the UNCTAD secretariat to achieve sustainable fundraising;

13. *Calls for* strengthened cooperation among different providers of trade-related technical assistance;

14. *Calls* on member States to ensure that UNCTAD is in a position to play an important role in the Aid for Trade initiative, in accordance with UNCTAD's mandates, expertise and development approach;

15. *Recognizes* the importance of paragraph 166 of the Bangkok Plan of Action, and *calls for* the implementation of the recommendations made in 2005 on the training courses on key issues on the international economic agenda.

989th plenary meeting
29 September 2006

D. Scheduling of the fifty-fourth regular session of the Board

Decision 489 (LIII)

The Trade and Development Board,

Taking account of the other important meetings to be held in September 2007,

1. *Decides* to hold its fifty-fourth regular session during the first two weeks of October;

2. *Requests* the Second Committee of the General Assembly to arrange for its discussion on trade and development to be held at least two weeks after the conclusion of the Board's regular session.

989th plenary meeting
10 October 2006

E. Other action taken by the Board

UNCTAD's contribution, within its mandate, to the implementation of, and to the review of progress made in the implementation of, the outcomes of the major United Nations conferences and summits, under its relevant agenda items

1. At its 990th plenary meeting, on 2 October 2006, the Board took note of the report by the secretariat on this item (TD/B/53/6).

Review of the technical cooperation activities of UNCTAD

2. At its 989th plenary meeting, on 29 September 2006, the Board took note of the report of the Working Party on its forty-seventh session, adopted draft decision TD/B/WP/L.121 (see chapter I above) and endorsed the agreed conclusions contained in document TD/B/WP/L.122.

Report on UNCTAD's assistance to the Palestinian people

3. At its 988th plenary meeting, on 29 September 2006, the Board took note of the report on UNCTAD's assistance to the Palestinian people (TD/B/53/2) and of the statements made by delegations. In accordance with General Assembly decision 47/445, it was decided that the report of

the Board on its fifty-third session to the General Assembly would include an account of the deliberations under this item.

Report on UNCTAD XI multi-stakeholder partnerships

4. At its 997th plenary meeting, on 10 October 2006, the Board took note of the oral report by the secretariat on this item.

Hearing with civil society, in accordance with paragraph 117 of the São Paulo Consensus

5. At its 997th plenary meeting, on 10 October 2006, the Board took note of the report on the hearing (TD/B/53/7).

Report of the Working Party on the Medium-term Plan and the Programme Budget on its forty-sixth session

6. At its 997th meeting, on 10 October 2006, the Board took note of the report of the Working Party on its forty-sixth session (TD/B/WP/186) and endorsed the agreed conclusions of the Working Party on "Review of the UNCTAD section of the proposed United Nations Strategic Framework for the period 2008-2009".

Progressive development of the law of international trade: thirty-ninth annual report of the United Nations Commission on International Trade Law

7. At its 997th plenary meeting, on 10 October 2006, the Board took note of the report of UNCITRAL on its thirty-ninth session, held in New York from 19 June to 7 July 2006 (A/61/17).

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-ninth session (Geneva, 24–28 April 2006)

8. At its 997th plenary meeting, on 10 October 2006, the Board took note of the report of the Joint Advisory Group on its thirty-ninth session (ITC/AG(XXXIX)/208).

Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2005-2006 and their relevant impact

9. At its 997th plenary meeting, on 10 October 2006, the Board took note of the report on this item by the President of the fifty-second session of the Board.

Fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices

10. At the same meeting, the Board decided to submit the following text to the General Assembly for adoption within the framework of the resolution on international trade and development:

> "*Reaffirms* the fundamental role that competition law and policy can play for sound economic development and the validity of the United Nations Set of Multilaterally Agreed Equitable

Principles and Rules for the Control of Restrictive Business Practices, as well as the important and useful role that the United Nations Conference on Trade and Development plays in this field, and *decides* to convene a Sixth United Nations Conference to Review All Aspects of the Set in 2010 under the auspices of UNCTAD."

Certificate of origin of the generalized system of preferences

11. Further to its decision on this matter at its thirty-seventh executive session, the Board agreed that GSP Form A with 1996 and 2004 notes will be accepted until stocks run out.

II. SUMMARIES OF THE BOARD'S DISCUSSION ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Review of developments and issues in the post-Doha work programme of particular concern to developing countries

President's summary[1]

12. The Board conducted an in-depth review of developments and issues in the post-Doha work programme on 27 September 2006. The deliberations were frank, constructive and enlightening. The Secretary-General of UNCTAD opened the meeting, and there was then an address by the Director-General of the World Trade Organization (WTO). This was followed by an interactive debate with 31 interventions. The participation of many member States indicated the usefulness and unique value of the Board's review in facilitating independent and objective assessment, which builds confidence and consensus on the important Doha negotiations, the multilateral trading system (MTS) and its potential for the attainment of internationally agreed development goals. Participants highlighted the timeliness of the Board's review, coming at a critical juncture after the suspension of the Doha negotiations in July 2006.

13. Participants expressed appreciation for the secretariat's background note (TD/B/53/5), which provided a concise, comprehensive and balanced analytical review and assessment of developments in the Doha negotiations from the perspective of developing countries since the Sixth WTO Ministerial Conference, held in December 2005.

Challenges arising from the suspension of the Doha round

14. The Board assessed the implications of the suspension of the Doha negotiations and discussed possible ways forward aimed at an early resumption of the negotiations. There was agreement that the suspension did not call into question the relevance and importance of the WTO as the central pillar of the international trading system. Participants reiterated their commitment to the multilateral trading system and to the successful, ambitious, balanced and development-focused outcome of the Doha round. They indicated that the WTO must be vigorously supported since it established a rule-based system, which provided predictability, security and transparency in international trade relations that could not be replicated by any other trading arrangement.

15. Participants regretted the suspension of the Doha round, and expressed concern about the uncertainty created regarding the timing of its resumption and the quality, ambition and balance in a possible final package. This uncertainty had been increased by domestic political processes such as the scheduled expiry of the US Trade Promotion Authority on 30 June 2007. It was stressed that there was little room for complacency and that the round was at risk and needed serious action. There remained a window of opportunity, albeit a small one, for concluding the round in 2007 if an early resumption took place between November 2006 and March 2007. The next few months would thus be crucial in this regard.

16. Many speakers highlighted agriculture as the major stumbling block. The view was expressed that the failure to conclude a deal in July 2006 was political in nature rather than economic,

[1] Included in the Board's report to the General Assembly by decision of the Board at its closing (997th) plenary meeting.

as an agreement had been within reach but the domestic politics involved were not propitious. As a result, there were diverging expectations regarding the "right exchange rate" in the key "triangle" of issues of market access and domestic support in agriculture, and non-agricultural market access (NAMA) issues. Others believed that the disagreement was rooted in economics. It was the last marginal increase in numbers that was politically difficult, although it was such an increase that mattered for real trade flows. Some noted that since domestic support in agriculture was inherently trade-distorting, a "dollar-for-dollar" exchange was not possible and greater reductions in domestic support were required. The question was how to reconcile the level of ambition and that of proportionality. Since the proposals on the table were already more significant than those in the Uruguay Round, it was stressed that the level of ambition deserved more attention, while the right proportion of contributions among the various players needed to be considered.

17. Participants noted that the suspension of the round had brought about a realization that the cost of failure would be disproportionately distributed across countries, particularly developing countries, and especially LDCs, small and vulnerable economies and other developing countries with special needs. Also, progress made in many development-related areas had been put on hold, thereby increasing opportunity costs for those areas. This was the case with duty-free and quota-free market access for LDCs, cotton and the elimination of agricultural export subsidies by 2013.

18. Some systemic implications of the suspension were highlighted. It was a temporary setback to the efforts to make the MTS more open, rule-based, fairer and more equitable. Concern was expressed about the possible resurgence of protectionism. The inability of the MTS to yield an agreement might cause the acceleration of bilateral and regional trade initiatives, with possible adverse implications for developing countries and the MTS. Another concern was the persistence of distortions created by agricultural subsidies, which could be addressed only by the WTO. There was also concern that there might be an increased number of more confrontational dispute cases.

Ways forward towards the resumption of the negotiations and beyond

19. Participants called for the earliest realistically possible resumption of the Doha round negotiations. It was stressed that all countries had the responsibility to demonstrate renewed political will and additional flexibilities commensurate with their capacity to restart the round, but the key players needed to play the leadership role. Participants expressed their willingness to do their part and called upon others to do the same. It was noted that the question was not one of "who moves first"; rather, everyone had to work together to make possible a collective movement so as not to miss the historic opportunities provided by the Doha round. Many participants emphasized that the negotiation process should genuinely ensure transparency, inclusiveness, and a participative and bottom-up approach, so as to reflect the WTO's growing membership and its members' diversity of interests.

20. Participants stressed that the question was not whether, when or on what basis to re-start the negotiations, but how. It was emphasized that the right conditions needed to be in place for the resumption of the negotiations to lead to a successful conclusion. This required "political heavy lifting" domestically, and critical negotiations and consultations had to take place among domestic stakeholders so as to explore the possibility of shifting from entrenched positions. Genuine policy reform would also be required. The importance of quiet diplomacy, deep reflection and the exploring of options was highlighted, so as to enable the right balance to be struck between ambitions and realism. Many concurred about the need for the resumption of negotiations to be based on the existing

mandates as provided by the Doha Declaration, the July 2004 Package and the Hong Kong Ministerial Declaration, and on building upon offers made up to July; reopening those instruments or going back would not be an option.

21. An early resumption was deemed important for maximizing the round's contribution to the achievement of the MDGs and the fight against poverty. The cost implication of participating in protracted negotiations for resource-poor developing countries was raised. Many participants expressed concern that the progress on some development issues had been put on hold. As regards Aid for Trade (AfT) and the Integrated Framework (IF), there was a general consensus that they did not form part of a single undertaking, and thus work could move forward on a fast-track and stand-alone basis. The view was expressed that work could also be advanced on duty-free and quota-free market access for LDCs and on cotton issues and other key development priorities.

22. It was stressed that the round's suspension should not lead to a lowering of ambitions in the development dimension of the round. This entailed increased market access and entry opportunities for developing countries, matched by "good policy space", and enhanced supply and production capacity, competitiveness and trade-related infrastructure. The greatest gains would come from improved market access. Many speakers highlighted the centrality of agriculture and its close link with development, given that the world's poor relied on agriculture for their income and subsistence. The need to ensure food security, livelihood security and rural development through special products and special safeguard mechanisms in agriculture was stressed. The view was expressed that flexibilities should not lead to pure protectionism. Other speakers stated that development should not be equated with liberalization at all costs but should reflect the concerns of all countries, particularly the weakest and most vulnerable. Special problems faced by net-food-importing developing countries and preference-dependent countries needed to be addressed.

23. The importance of achieving a comparable degree of ambition and balance in agriculture and NAMA was stressed, with account being taken of adjustment costs that would arise for developing countries. It was emphasized that progress in services negotiations was important, particularly in Mode 4 — financial, energy, distribution and logistics services — as highlighted by UNCTAD's expert meetings. UNCTAD's work on infrastructural services was greatly appreciated. Progress in other areas was also important in achieving a balanced and ambitious outcome across the negotiations, including special and differential treatment, implementation issues, trade facilitation, and rules such as those relating to fishery subsidies and anti-dumping.

24. It was generally agreed that developing countries needed enhanced support to build supply capacities, competitiveness and trade-related infrastructure in order to benefit from the results of the Doha round. The AtF initiative was considered crucial in this regard. Many participants stressed that UNCTAD's unique competence and expertise in trade-related capacity building had made it the logical partner in that initiative, and thus called for the organization's active engagement in, and contribution to, its conceptualization, operationalization and implementation.

25. Many participants noted the growing importance of South–South trade and called for it to be strengthened, including through the conclusion of the third round of negotiations under the Global System of Trade Preferences among Developing Countries. UNCTAD was requested to play a strong leadership role in supporting South–South trade, including through the exchange of successful experiences across the regions. Several participants highlighted the special challenges faced by

developing countries and economies in transition in the process of WTO accession, and highly commended UNCTAD's support in this area.

UNCTAD's contribution

26. Participants commended UNCTAD's role in ensuring development gains from the international trading system and trade negotiations, based on the São Paulo Consensus. UNCTAD had, at a critical juncture, contributed positively to the Doha negotiations, including the July 2004 Package. As the UN's focal point for the integrated treatment of trade and development, with its universal membership and broad-based expertise, it could continue to make an important and catalytic contribution to the Doha round and developing countries' engagement. UNCTAD's consensus-building role was hailed as important, including its role in promoting greater systemic coherence between the trading and financial systems. The Board's deliberations on the Doha negotiations were considered to be particularly useful and critical in raising awareness of developmental issues and reinforcing mutual confidence and understanding on action needed to advance dialogue and negotiations in the Doha round. The importance of UNCTAD's normative function was stressed. Many speakers expressed appreciation for UNCTAD's work on trade negotiations and trade-related technical assistance in the areas of multilateral and regional trade negotiations, services, market access, WTO accession, JITAP, IF, and assistance to Africa and its regional groupings in the areas of trade in services, development benchmarks and impact assessments, the trade and development index, and rules and dispute settlement. The need for the further strengthening of work in those areas and for increased donor support was stressed.

B. Technical cooperation activities: Report on UNCTAD's assistance to the Palestinian people[2]

27. For its consideration of this item, the Board had before it the following documentation:

"Report on UNCTAD's assistance to the Palestinian people. Prepared by the UNCTAD secretariat" (TD/B/53/2).

28. The **Coordinator of Assistance to the Palestinian People** said the fact that the Board's agenda had long featured this item attested to the recurrent critical conditions in the occupied Palestinian territory. Both the Bangkok Plan of Action and the São Paulo Consensus had stressed the need to intensify assistance to the Palestinian People, and in response UNCTAD had positioned itself along two axes. The first was to examine the Palestinian economic predicament and adverse economic growth path, and the second was to engage UNCTAD's technical expertise through targeted capacity-building interventions.

29. The Palestinian economy remained hostage to deep-seated structural constraints, reinforced and aggravated by occupation and protracted conflict. It was locked in a cyclical path of de-development, with poverty and social strife aggravated as never before. At the same time, the viability of the Palestinian economy was a necessary condition for any meaningful realization of a two-state solution. However, that viability had been further challenged by new constraints following the

[2] Included in the Board's report to the General Assembly in accordance with General Assembly decision 47/445.

establishment of a new Palestinian government in March 2006, and the Palestinian economy was likely to implode over the next year if current constraints were not removed.

30. The $500 million of fresh donor aid pledged earlier in September in Stockholm would not be enough to reverse the decline under way or to compensate for the $500 million in withheld Palestinian import tax revenues. The need to resume donor support could not be over-emphasized, but it was the quality of aid that mattered most.

31. UNCTAD's technical assistance had been geared to creating dynamic synergies between rehabilitation, reconstruction and long-term development objectives. These successes demonstrated UNCTAD's commitment to developing the capacities of Palestinian technical cooperation counterparts, in close cooperation with Palestine. Through highly effective projects, the secretariat had translated research into actions on the ground. In doing so, it had projected an alternative model of international development cooperation, driven by needs and demand, delivered through flexible modalities and devoid of political considerations.

32. The ASYCUDA national team had begun to operate an autonomous Palestinian customs automation system, and the EC-funded technical assistance project to establish the Palestinian Shippers Council was progressing rapidly. However, the present donor position had affected the financing of activities, and the secretariat looked to all member States for active support.

33. The representative of **Israel** said that he had never doubted and had always supported the professional work done by UNCTAD in the fields of capacity building and technical assistance to the Palestinian people. Throughout the year, Israel had reiterated its support for a strong and vital Palestinian economy. However, he did not think that the secretariat's report contributed to that record of work. For the past 10 years, Israel had persisted in asking why there was a specific UNCTAD agenda item on assistance to the Palestinian people but not on other economic situations in desperate need of attention. UNCTAD could and should continue to do its good work in the field without producing political reports and debates. While there were many inconsistencies in the report, he would refrain from reviewing them in detail. He agreed with the report's findings on issues such as the informal sector and transparency in the public sector, but he was disappointed that the report had avoided the related issues of monopolies, corruption, budget transparency and the enabling environment.

34. It was surprising that, while referring to Israeli and donor measures following the Palestinian elections, the report avoided mentioning the Hamas government and the three benchmarks put to the Palestinian Authority by the international community, namely stopping the violence, recognizing Israel and accepting previous signed agreements. Ignoring such facts constituted a failure to depict the real picture. Despite the reality and the difficult security situation that Israel had faced in 2006, an effort had been made to maintain a reasonable social fabric in Palestinian civilian life. In concluding, he hoped that UNCTAD would continue focusing its attention on the important activities and programmes that concerned all its members, thus remaining faithful to the São Paolo Consensus.

35. The representative of **Palestine** thanked the secretariat for its assistance to the Palestinian people and for its valuable comments on the economic conditions in the occupied Palestinian territory, which indicated that the Palestinian war-torn economy, already weakened by prolonged occupation, had been launched into a trajectory of accelerated economic retrenchment and de-development. The

persistence of the crippling measures and policies of Israel, the occupying power, and their intensification, particularly since the January 2006 parliamentary elections, had accentuated the dependence and marginalization of the Palestinian economy. Military operations, the Wall, closures, and the withholding of Palestinian tax revenues of almost US$ 60 million a month, which constituted 50 per cent of the funds available to the Palestinian Authority (PA), were among the countless measures responsible for the unprecedented downturn of the economy.

36. The current situation had produced new economic priorities – preventing the collapse of the fragile PA institutions and securing salaries for 168,000 employees, who accounted for 23 per cent of total employment. In Gaza alone, 70 per cent of the population was now dependent on the United Nations for food aid. Moreover, the PA, with responsibility for 70 per cent of the schooling system and 60 per cent of health services, was struggling to maintain those essential social services that could not be handled by alternative institutions.

37. It must be hoped that these preoccupations would not be at the expense of planning for socio-economic recovery and development, and that increased dependence on aid tied to political conditionality was temporary. The Palestinians were aware of the economic downside of dependency on foreign aid, and had absorbed the harsh lesson from the current crisis. The PA "Emergency Support Programme" was based on a set of principles concerned with linking humanitarian assistance with development efforts.

38. Ironically, democracy was being denounced for the first time in history in an occupied country, as it clashed with the political will and interests of the occupier and its supporting centres of power. The results of a democratic process called for by these same centres of power had unleashed a set of economic sanctions that came on top of the complex framework of occupation policies that had been suffocating the economic and social lives of the Palestinian people.

39. In addition to the deadlock in the peace process, it was evident that the Paris Protocol, which had been born as a result of Israeli arm-twisting, had contributed to the economic ills of the Palestinian economy. A faltering economy was not conducive to peace, and the absence of a viable Palestinian economy diminished the prospects of realizing a two-state solution in the near future. The matrix of punitive policies pursued by Israel and supported by Western donors would eventually backlash. The losers would be not only one particular government but the Palestinian and Israeli peoples, both of whom yearned to live in peace and prosperity, although that aspiration would remain elusive as long as the Israeli occupation persisted.

40. UNCTAD's programme of assistance to the Palestinian people had been established a decade before the PA had been created. There was no point in holding that programme hostage to unjustified political calculations. In the light of the final stages of the Mid-term Review process, the programme should be intensified and strengthened, in line with the São Paulo Consensus.

41. The representative of **Pakistan**, speaking on behalf of the **Group 77 and China**, thanked the UNCTAD secretariat for its report, its in-depth analysis of Palestinian economic development problems, and its persistent support for the Palestinian people. The latter were experiencing deplorable daily living conditions and an economic siege imposed through continuing occupation, and UNCTAD's activities were critical to their ability to overcome "unprecedented challenges" and the ongoing crisis. He highlighted the extraordinary resilience and the exceptional social cohesiveness of

the Palestinian people in the face of deplorable living conditions that were far below acceptable standards. This year's significant reduction in donor aid had put the already vulnerable Palestinian economic institutional infrastructure at extreme risk.

42. His Group felt great concern regarding the continuing adverse impact of the Israeli occupation on the Palestinian territory, specifically the unemployment that affected half of the Palestinian labour force, the intense poverty that affected two thirds of households, the bleak economic prospects and the decline in per capita income to half of its pre-2000 level. He also expressed concern regarding the impact of the Israeli separation barrier and the mobility restrictions in the occupied territory and how they aggravated the economy's structural weakness, impaired Palestinian economic stability and increased the imposed dependence of the Palestinian people on Israel. He was disturbed by the finding that 55 cents of every dollar of domestic production was a liability owed to the rest of the world, with 40 cents owed to Israel. This implied that all the aid provided to Palestine in the past five years was not enough to cover the Palestinian trade deficit with Israel. He was alarmed by the one-third loss of Palestinian productive capacity and the loss of one fifth of West Bank agricultural land to the Israeli separation barrier. The secretariat report projected a 50 per cent reduction in annual donor support, which suggested GDP losses of $5.4 billion and potential job losses of 531,000 in 2006 and 2007. This was a recipe for social tension, with a risky outcome for all parties in the region.

43. Development was a shared objective that must not be sacrificed on the altar of political considerations, and he urged donors to resume aid to the Palestinian people to make possible urgently required policy measures to avert the projected economic collapse, measures such as formalizing the informal sector, adopting prudent fiscal policies, and reconsidering the existing trade regime. He agreed with the report that the Quartet's Temporary International Mechanism should not become a policy tool for conditioning aid or dictating Palestinian development strategies. He concluded by commending UNCTAD's credibility and contribution in the last 20 years, and by calling on Board members to ensure extrabudgetary resources for UNCTAD's technical assistance activities for the Palestinian people to help them towards economic recovery and statehood.

44. The representative of **Finland**, speaking on behalf of the **European Union (EU) and the acceding countries of Bulgaria and Romania**, noted that the secretariat's report provided an important illustration of the humanitarian situation in the Palestinian territories and of how complex the overall situation in the region was. As the largest donor to the Palestinian people and the United Nations Relief and Works Agency, the European Commission had provided substantial support for UNCTAD's work in such areas as ASYCUDA. The Commission was also supporting, through UNCTAD, the establishment of the Palestinian Shippers' Council to assist Palestinian importers and importers in promoting their trade.

45. She emphasized the EU's commitment to promoting lasting peace and security in the Middle East region, which, as just underlined by the European foreign ministers, could only be ensured by a comprehensive settlement with a negotiated two-state solution to the Israeli-Palestinian conflict at its core. The EU emphasized its commitment to promoting tangible progress towards a resolution of that conflict and underlined the importance of reinvigorating the peace process. It also reiterated the need for all parties to respect their Roadmap obligations.

46. The EU was deeply concerned at the humanitarian situation in the Palestinian territory. It had made a strong commitment at the Stockholm International Donor Conference on 1 September 2006, and it welcomed the expansion of the Temporary International Mechanism created in June 2006 to channel aid to the Palestinians; the EU and its member States had already channelled substantial resources directly to the Palestinian people through that mechanism.

47. Mindful of the continuing needs of the Palestinian people, the Quartet had decided to extend the Temporary International Mechanism for another three months, and had agreed to review the need for such a mechanism at the end of that period. The Quartet had also encouraged greater donor support to meet the needs of the Palestinians, especially in relation to security sector reform, reconstruction of damaged infrastructure, and economic development. The EU encouraged donors and others in the region to make full use of the mechanism. Finally, UNCTAD's programme of assistance to the Palestinian people should be continued, taking into account the guidance and decisions of the Quartet concerning aid to the Palestinians.

48. The representative of **Afghanistan**, speaking on behalf of the **Asian Group and China**, said the secretariat's report highlighted the fact that the issues facing the Palestinians were both chronic and acute and required different solutions. The separation barrier, which had enclosed huge areas of Jerusalem, had separated people from their jobs, schools and hospitals. Parts of the Palestinian territory were cut off from each other and the rest of the world. The siege and the increasing denial of entry of products could even lead to starvation. Furthermore, the freezing of US$ 55 to 60 million by Israel and the sanctions by the international community had almost led to the bankruptcy not only of the Palestinian Authority but also of the private sector.

49. Unemployment, fuelled by the closure of the Green Line to Palestinian workers, was soaring, with continued declines in the number of jobs in the private sector and increasing difficulties for the banking community. There was a scarcity of raw materials, which had resulted in the suspension of many projects supported by donor countries. According to the report, this situation was leading to a "regression more debilitating than that of 2001-2002, with manifestations of poverty unknown since the occupation began in 1967". Economic difficulties had a clear impact in terms of the increase in violence, which in turn had repercussions on the economy and ultimately on the Palestinians. So the Palestinian people had once again been caught in a perpetual vicious cycle.

50. The Temporary International Mechanism could not be a long-term solution, or a substitute for the Palestinian Authority. After all, that would only undermine the Palestinian public institutions that donors had helped to create. Furthermore, other agencies and foreign non-governmental organizations might not have the capacity to provide services in areas traditionally covered by the government.

51. UNCTAD had an exemplary technical assistance programme for the Palestinian people, a programme which linked relief to development and national ownership. All the activities under the programme needed to be adequately funded as per the São Paulo Consensus, which called for the programme to be strengthened.

52. The Asian Group fully supported the secretariat report's emphasis on the need for urgent policy measures to avert economic collapse, including the formalization of the informal sector as a major tool for job creation and poverty alleviation. The prudent fiscal measures prescribed in the

report were appropriate, and the existing trade regime needed to be carefully reviewed. Nationally owned economic policies that reflected the aspirations of the Palestinian people, equipped with the required policy instruments and supported by quality international aid, could redress the existing crisis situation.

53. The representative of **Indonesia** urged the international community to take all necessary steps to put a stop to the constant hostility in the territory in order to give the Palestinians a chance to improve their lives. He highlighted the findings of the secretariat's report regarding the worsening impact of recent developments on both economic development in the occupied Palestinian territory and Palestinian Authority institutions. The report emphasized that, without urgent attention to the core issues affecting Palestinian economic performance, the adverse path of dependence that had emerged under Israeli occupation would only deepen and further imperil the prospects for sustained development of the Palestinian economy. Decreasing direct donor support and continuing dependence on external resources and imports had deepened the Palestinian economic decline and was giving rise to unprecedented unemployment, poverty and social strife.

54. Indonesia called for increased support in the form of humanitarian aid and capacity building. With support from the Non-Aligned Movement countries, the first Senior Official Meeting of the New Asia Africa Strategic Partnership had decided to explore ways of providing aid for the Palestinian people.

55. He agreed with the secretariat's report on the need to assist the Palestinian government on making effective use of international aid and linking it to the budgetary process and national development priorities, as well as on the need to avoid donor aid conditionality. UNCTAD's technical assistance to Palestine was conducted in a comprehensive framework, in close consultation with the Palestinians and in cooperation with other UN agencies. However, some of UNCTAD's programmes were impaired by lack of funding, and he therefore called for greater international assistance and extrabudgetary resources in support of UNCTAD efforts to help the Palestinian people, in line with the Bangkok Plan of Action.

56. The representative of **Cuba** strongly condemned the present situation, caused by Israeli measures and collective punishment and by financial blackmail by Western developed countries that refused to accept the will of the Palestinian people as reflected in free elections. The secretariat's report showed that, after many years of conflict, the Palestinian National Authority had been placed in a dangerous financial position, it was not able to overcome the loss of international aid, and the Palestinian economy was suffering from a large trade deficit and increasingly high poverty and unemployment levels.

57. The representative of the **Islamic Republic of Iran** said that the Palestinians were now having to cope with a degree of poverty unknown since the beginning of occupation. The economy continued to contract, with serious repercussions in terms of poverty, production capacity and the welfare of people. The war-torn economy had become fragmented, with a breakdown of economic relations between communities and between producers and markets. Palestinians were surrounded by land and sea barriers intersected by built-up areas, access routes and buffer zones, which obviously made any comprehensive economic policy for even the short-term meaningless. Decades of occupation, repression and conflict and the construction of the barrier had taken a heavy toll on the

Palestinian economy and posed serious obstacles to Palestinian institutions in most fields, including economic policy.

58. The forced economic relations between the occupied Palestinian territory and the occupying entity had led to systemic exploitation of the Palestinians. This had resulted in a systematic deterioration of the Palestinian economy, and an amount equivalent to all the funds received from the international community would not be sufficient to cover the trade deficit with the occupying entity. Furthermore, the Palestinian Authority retained only limited control over tax and budgetary management, and aid was now more subject to donor agendas and a complicated planning and implementation process.

59. International assistance should follow a two-track approach, firstly to prevent the deterioration of the Palestinian economy and secondly to assist the efforts of the Palestinian Government to strengthen its institutional capacity and infrastructure and to expand activities in preparation for future statehood.

60. The representative of **China** said that unprecedented recent developments in Palestinian economic and social conditions represented a challenge for the long-term efforts made by the Palestinian people and the international community. The present reduction in donor aid impacted on investment and technical cooperation activities. Economic and social development in Palestine had been suffering severely, and people's livelihood was threatened. Palestinian social and economic development and the international community's efforts required a peaceful environment, and he therefore called on the Palestinians and Israel, with the support of the international community, to go back to the Roadmap and make substantive efforts towards peace. The Chinese delegation supported UNCTAD's continuing technical cooperation efforts in support of the Palestinian people to help them overcome the present difficulties and move towards economic recovery and an improvement in people's livelihood.

61. The representative of the **United States of America** said the region was going through a time of considerable challenge and opportunity. Recent turmoil in Lebanon and Gaza had renewed international and regional focus on the importance of Palestinian-Israeli peace. In addressing the General Assembly the week before, President Bush had made it clear that progress toward his vision of two democratic states, Israel and Palestine, living side by side in peace and security was one of the United States' greatest priorities. The United States was deeply engaged with the parties, its Quartet partners and moderate Arab States to facilitate the creation of the conditions necessary to move forward on the Roadmap to peace. In addition, Secretary Rice had met with the Quartet in New York on the urgent need to make progress on the Roadmap and to alleviate the Palestinian humanitarian crisis. The Quartet commended Palestinian President Abbas' efforts to break the impasse of a Hamas-led government that had failed to govern responsibly, and it called on the Palestinian Authority to accept the Quartet principles for peace: renounce terror, recognize Israel, and accept all previous agreements and obligations, including the Roadmap.

62. The United States was the largest donor to the West Bank and Gaza in 2006, with $468 million in aid, including $135 million for UNRWA. Until there was a Palestinian Authority government that the United States could work with, US aid would continue to focus on three strategic priorities: funding basic humanitarian needs; strengthening Palestinian moderates by expanding democracy and cultivating civil society; and promoting private sector development. The Palestinian

people faced challenges, as clearly outlined by UNCTAD's report, and this year's events had added to the challenges of economic development. She urged UNCTAD and other international organizations to focus on restoring law and order, using the Roadmap as a guideline, and to join the Quartet and other leaders in pressing the Hamas government to meet its obligations as a first step towards re-establishing a basis for peace and security in the region.

63. The representative of **Brazil** expressed his country's solidarity with the Palestinian people and their suffering. The Palestine question was deeply embedded in Brazilian hearts, since Brazil had large Jewish and Palestinian communities. The UNCTAD secretariat should conduct an assessment of the impact of international trade preferences on the Palestinian economy, and of the extent to which these preferences were being utilized. The secretariat could also consider undertaking a forward-looking assessment of border controls for two reasons. Firstly, easing border controls could help enhance linkages between the technologically advanced Israeli economy and the low-wage Palestinian labour force. A recent study by the World Bank showed that enhancing those linkages would help boost the Palestinian as well as the Israeli economy. Secondly, improved border controls could help integrate the Palestinian economy with the neighbouring countries of Jordan and Egypt, providing more viable prospects for the Palestinian economy.

64. The representative of **Norway** expressed her country's deep concern over the humanitarian situation in the Palestinian territory. The UN appeal, launched in May 2006, was still far from being fully met, and Norway, together with Sweden and Spain, had sought to mobilize support for the appeal during donor meetings in Geneva in July and in Stockholm in September. Her country's humanitarian assistance to the Palestinian people in 2006 amounted to US$ 45 million. In addition, Norway had allocated approximately US$ 55 million to support Palestinian development efforts, either bilaterally or through the UN, ICRC or the NGO community. Norway had also contributed to some of UNCTAD's technical assistance activities in the Palestinian territories.

65. The humanitarian crisis could not be resolved unless a political solution was achieved. The parties had a responsibility to do their utmost to achieve a sustainable solution, and the international community should support initiatives that could restart the political process. Norway stressed the importance of free access and free movement in the Palestinian territory, since that was critical for ensuring basic humanitarian supplies and services, as well as for providing a basis for economic growth. Norway also urged Israel to release the withheld Palestinian customs revenues, totalling US$ 500 million, as this would go a long way to address the current fiscal crisis.

66. A seamless transition between humanitarian assistance and long-term development in the Palestinian territory would be very important. The common long-term objective of building viable Palestinian institutions remained and should not be lost amid short-term relief efforts.

67. The representative of **Egypt** said that a question had been posed as to the rationale behind maintaining a special programme of assistance for the Palestinian people, but the answer was clear – the Palestinian people were the only people under occupation for 50 years, and there was therefore every justification for supporting the Palestinians as much as possible. This was also the expressed will of the international community, recently reiterated by ECOSOC in its resolution on the economic and social impact of the Israeli occupation on the Palestinian people. Indeed, there were several international references attesting to the fact that the Palestinian people were going through difficult times; they included the São Paulo Consensus, paragraph 35 of which clearly stated that UNCTAD's

programme of assistance to the Palestinian people should be strengthened with adequate resources. UNCTAD's Assistance to the Palestinian People Unit played a key role in supporting the Palestinians and provided a unique model for linking relief to development.

68. The secretariat's report highlighted the emergence of a new format of international aid to the Palestinians, one of heightened politicization. The Palestinian development strategy should be nationally owned, and any assistance should fall within that rationale with the aim of promoting Palestinian development efforts. As the report noted, while the quantity of aid was important, it was above all the quality of aid that mattered. The general framework guiding international assistance to the Palestinians should pave the way to economic independence, leading to political independence as called for by UN resolutions.

69. The **Coordinator of Assistance to the Palestinian people** said that the secretariat would be happy to see the day when there was no longer a need for this agenda item – when Palestine could become a full member of UNCTAD and no longer require a special programme of assistance. The complex issues of economic governance, including corruption, monopolies and rent-seeking, were squarely addressed in an in-depth study released earlier in the year by the secretariat; it was entitled "The Palestinian war-torn economy: Aid, reform and development" and covered the interaction between national governance, donor agendas and regional commercial interests. Moreover, as early as 1999, UNCTAD had pioneered research on cross-border trade facilitation issues, and its more recent work on alternative Palestinian maritime trade routes was now being used by the World Bank in designing trade facilitation solutions adapted to the current circumstances. Finally, he noted that the United Nations was associated with the political conditions set out by the Quartet, of which it was a member. However, all agencies had been instructed by the UN Secretary General in April 2006 to maintain their economic and social assistance to the Palestinian people, in close cooperation with Palestine and through official Palestinian institutions and existing counterparts. Political and diplomatic contacts and issues were to remain the prerogative of the Secretary-General. UNCTAD was adhering fully to these guidelines.

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

70. The fifty-third session of the Trade and Development Board was opened on 27 September 2006 by Mr. Gyan Chandra Acharya (Nepal), the outgoing President of the Board.

B. New members of the Board

71. At its 984th (opening) plenary meeting, on 27 September 2006, the Board agreed to the request of Djibouti to become a member of the Board. At its 997th (closing) plenary meeting, on 10 October 2006, the Board agreed to the request of Rwanda to become a member of the Board.

C. Election of officers
(Agenda item 1 (a))

72. At its opening plenary meeting, the Board elected Mr. Mohamed Saleck Ould Mohamed Lemine (Mauritania) by acclamation as President of the Board at its fifty-third session.

73. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board at its fifty-third session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. Mohamed Saleck Ould Mohamed Lemine (Mauritania)
Vice-Presidents:	Mr. Arsene Balihuta (Uganda) Mr. Juan Antonio Fernández Palacios (Cuba) Mr. Andrej Logar (Slovenia) Mr. Juan Antonio March (Spain) Mr. Alex Van Meeuwen (Belgium) Mr. Fredrik Arthur (Norway) Ms. Lisa Carle (United States of America) Mr. Iouri Afanassiev (Russian Federation) Mr. Mohammad Ali Zarie Zare (Islamic Republic of Iran) Mr. Miguel Bautista (Philippines)
Rapporteur:	Ms. Ana Inés Rocanova (Uruguay)

74. In accordance with past practice, the Board agreed that the regional coordinators and China would be fully associated with the work of the Bureau.

D. Adoption of the agenda and organization of the work of the session
(Agenda item 1 (b))

75. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/53/1. It decided that all agenda items would be taken up in plenary.

E. Adoption of the report on credentials
(Agenda item 1(c))

76. At its 997th plenary meeting, on 10 October 2006, the Board adopted the report of the Bureau on the credentials of representatives attending the fifty-third session (TD/B/53/L.3), thereby accepting the credentials.

F. Provisional agenda for the fifty-fourth session of the Board
(Agenda item 1 (d))

77. At the same meeting, the Board decided to refer this item to Consultations of the President of the Board. The provisional agenda would thus be submitted for approval at an executive session of the Board at an appropriate time.

G. Appointment for 2007 of the members of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action
(Agenda item 11(a))

78. At its 997th plenary meeting, on 10 October 2006, the Board appointed the members of the Advisory Body for the period October 2006–October 2007, as follows: Mr. M. S. Ould Mohamed Lemine (Mauritania); Ms. Venetia Sebudandi (Rwanda); Mr. Hassan Doualeh (Djibouti); Mr. Sergei Aleinik (Belarus); Mr. Iouri Afanassiev (Russian Federation); Ms. Clemencia Forero Ucros (Colombia); Mr. Guillermo Valles Galmes (Uruguay); Mr. Manuel Rodríguez Cuadros (Peru); Mr. Ali Reza Moaiyeri (Islamic Republic of Iran); Mr. Ahmed Mohamed Masoud Al-Riyami (Oman); Mr. Enrique A. Manalo (Philippines); Mr. Fredrik Arthur (Norway); Mr. Emmanuel Farcot (France); Mr. Shinichi Asazuma (Japan); and Ms. Irene Knoben (Netherlands).

H. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

79. At the same meeting, the Board decided that the World Association of Investment Promotion Agencies (WAIPA), on which information was provided in document TD/B/53/R.1, should be accredited to UNCTAD and should be included in the Special Category of NGOs.

I. Review of the calendar of meetings
(Agenda item 11(d))

80. At the same meeting, the Board approved the calendar of meetings for the remainder of 2006 and the indicative calendar of meetings for 2007 (TD/B/53/CRP.3).

J. Membership of the Working Party for the Medium-term Plan and the Programme Budget for 2007
(Agenda item 11(e))

81. At the same meeting, the Board approved the membership of the Working Party for 2007, as follows: Bangladesh; Islamic Republic of Iran; Oman; Argentina; El Salvador; Peru; Angola; Benin;

Zimbabwe; Belgium; France; Japan; Switzerland; United Kingdom; United States of America; Belarus; Russian Federation; Ukraine; and China.

K. Administrative and financial implications of the actions of the Board
(Agenda item 11 (f))

82. At the same meeting, the Board was informed that there were no additional financial implications arising from the work of its fifty-third session.

L. Adoption of the report
(Agenda item 12)

83. At its 997th plenary meeting, on 10 October 2006, the Board adopted the draft report on its fifty-third session (TD/B/53/L.2 and Add.1–9), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and to prepare the report of the Trade and Development Board to the General Assembly.

Annex

AGENDA FOR THE FIFTY-THIRD SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:
   (a) Election of officers
   (b) Adoption of the agenda and organization of the work of the session
   (c) Adoption of the report on credentials
   (d) Provisional agenda for the fifty-fourth session of the Board
2. Interdependence and global economic issues from a trade and development perspective: Global partnership and national policies for development
3. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010:
   (a) The Least Developed Countries Report 2006: Developing Productive Capacities
   (b) UNCTAD-wide implementation activities in favour of LDCs
4. Economic development in Africa: Doubling Aid – Making the "Big Push" work
5. Review of developments and issues in the post-Doha work programme of particular concern to developing countries
6. UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields:
   – UNCTAD's contribution, within its mandate, to the implementation of, and to the review of progress made in the implementation of, the outcomes of the major United Nations conferences and summits, under its relevant agenda items
7. Technical cooperation activities:
   (a) Review of the technical cooperation activities of UNCTAD (Report of the Working Party on its forty-seventh session)
   (b) Report on UNCTAD's assistance to the Palestinian people
8. Matters requiring action by the Board in the follow-up to the eleventh session of the Conference and arising from or related to reports and activities of its subsidiary and other bodies
   (a) Report on UNCTAD XI multi-stakeholder partnerships
   (b) Hearing with civil society, in accordance with paragraph 117 of the São Paulo Consensus
   (c) Report of the Working Party on the Medium-term Plan and the Programme Budget on its forty-sixth session

9. Other matters in the field of trade and development:

   (a) Progressive development of the law of international trade: thirty-ninth annual report of the United Nations Commission on International Trade Law (New York, 19 June – 7 July 2006)

   (b) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-ninth session (Geneva, 24–28 April 2006)

10. Institutional, organizational, administrative and related matters:

   (a) Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2005–2006 and their impact; and the appointment of the members of the Advisory Body for 2007

   (b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

   (c) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

   (d) Review of the calendar of meetings

   (e) Membership of the Working Party for 2007

   (f) Administrative and financial implications of the actions of the Board

11. Other business

12. Adoption of the report